

DDI-2074-69

Feb.

Bailey Copy
22 July 1968

MEMORANDUM FOR: Deputy Director for Intelligence *20/P*
 Deputy Director for Science and Technology
 Deputy Director for Support

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SUBJECT [redacted]

REFERENCE :

Memo dtd 12 July 1968 to DDCI fr A-D/NPIC,
 subj: Request for Approval to Pay Overrun
 Costs to [redacted] on the Automatic Stereo Scanner
 Contract

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1. I have approved the NPIC request contained in the referent to expend [redacted] from prior-year funds to pay overrun costs to [redacted] on the automatic stereo scanner contract. I understand that the scope of this project has not been changed since the original contract.

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2. As I see it, the only alternative to this action would be to sacrifice completely an investment which now totals [redacted]. I deplore the need to do this and have approved the NPIC request with the clear understanding that the Director of Logistics will make every effort to negotiate a fixed-price type of contract to lessen the prospect of any further overruns. If this is not possible, I should like to be advised why it is not before the contract is actually consummated. Further, I should like to receive quarterly reports from NPIC on the progress of this project until its completion.

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3. Overruns may be inherent in contracts of this type. I nevertheless find it hard to believe that responsible management would permit overruns of this magnitude. In this connection, I note that the original estimated cost for this contract was slightly more than \$1 million and that with this latest approval the total cost will be almost \$2 million. This raises the question of whether [redacted] is the best company to undertake this kind of work for the Agency.

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Declass Review by NIMA/DOD

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4. I should like the Director of Logistics in cooperation with other Agency components to undertake without delay an analysis of our contracting history with [redacted]. This analysis should answer the following questions: How much have we spent with [redacted] through the years? What did we get for our money? How do we appraise the quality of the product finally received? What has been [redacted] performance with regard to producing on schedule? What has been the history of overruns? Any additional information which the Director of Logistics or other affected components may consider pertinent should also be included.

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[redacted]
L. K. White
Executive Director-Comptroller

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cc: D/PPB

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